



FOR CLERK USE ONLY

City Council

Item No. 8

CITY COUNCIL AGENDA FACT SHEET

Finance
Department

September 7, 2010

Requested Date

1. Request:

Council Approval

☒Information Only/
Presentation☐

Other (specify)

☐

Hearing

☐

2. Requested Action:

Approve Resolution No. 10-_____ adopting the Grant Management Policy & Procedures.

3. Fiscal Impact:

Revenue:

Increase

☐

Source: _____

Decrease

☐

Amount: _____

Cost:

Increase

☐

Source: _____

Decrease

☐

Amount: _____

Does Not Apply ☒

4. Reviewed By:

Finance Dept. on 8/31/2010

Comments: _____

By: _____

City Attorney on _____

Comments: _____

By: _____

Note: Back up must be submitted along with this form. Deadline is 5:00 p.m., 2 Fridays before the scheduled meeting date.

CLERK USE ONLY

CITY COUNCIL DATE:

7-Sep-10

Action

☒

Filing

☐

Consent

☐

Presentation

☐

Hearing

☐

Other(specify)

☐Reviewed by: City Clerk _____
Date _____City Manager _____
Date _____

CITY COUNCIL AGENDA REPORT

SUBJECT: Approve Resolution No. 10-___ Adopting the Grant Management Policy & Procedures.

AGENDA DATE: September 7, 2010

PREPARED BY: Judith Hashem, Finance Director

APPROVED FOR AGENDA BY: Victor M. Carrillo, City Manager

RECOMMENDATION: City Council is requested to take the following action:

- 1. Approve the attached Resolution No. ___ adopting the Grant Management Policy & Procedures.**

FISCAL IMPACT: N/A

BACKGROUND INFORMATION:

The City Council has expressed concerns over the City's past practice of application for grants that require expenditure of City funds, untimely grant reimbursements, and the lack of grant oversight.

In order to promote better accounting practices and a clear audit trail, the grant policy includes roles and responsibilities of each department/division from inception of the grant application through closeout of the grant. The City needs to ensure compliance with the grant guidelines of each funding source, so that the City receives full reimbursement for costs incurred under the grant.

These procedures aim to make the entire process more transparent and efficient, so that recommendations on the use of grant funds are focused on the City's goals and objectives.

The City Council is requested to approve the attached Grant Management Policy and Procedures.

Agenda Item No. ___

Page ___ Of ___

RESOLUTION NO. 10-__

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALEXICO
ADOPTING A GRANT MANAGEMENT POLICY**

WHEREAS, the City Council of the City of Calexico have determined that it is prudent and fiscally responsible to establish certain policies to guide the financial planning of the sources and uses of City resources; and

WHEREAS, the City Council sets spending priorities through the adoption of the City's annual budget; and

WHEREAS, the City recognizes that many grant funding opportunities come with costs that are not always disclosed in the grant advertisement; and

WHEREAS, the City Council desires to implement more control over the City's fiscal spending by formalizing the grant request, award, and administration process to provide more transparency and disclosure of grant costs and benefits; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CALEXICO, CALIFORNIA, DOES RESOLVE AS FOLLOWS:

The City Council of the City of Calexico hereby adopts the Grant Management Policy, as attached Exhibit "A" and the Grant Information Form, as attached Exhibit "B" and incorporated herein by this reference.

PASSED, APPROVED AND ADOPTED this 7th day of September, 2010.

JOHN MORENO, MAYOR

ATTEST:

LOURDES CORDOVA, CITY CLERK

APPROVED AS TO FORM:

JENNIFER M. LYON, CITY ATTORNEY

STATE OF CALIFORNIA)
COUNTY OF IMPERIAL) SS.
CITY OF CALEXICO)

I, LOURDES CORDOVA, CITY CLERK OF THE CITY OF CALEXICO, DO HEREBY
CERTIFY THAT THE ABOVE AND FOREGOING RESOLUTION NO. 10-__ WAS DULY
PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CALEXICO ON
THIS 7TH DAY OF SEPTEMBER, 2010 BY THE FOLLOWING VOTE, TO-WIT:

AYES:
NOES:
ABSENT:

LOURDES CORDOVA, CITY CLERK

S E A L

ISSUE DATE: September 8, 2010

OVERVIEW

This purpose of this policy is to establish the criteria for the overall framework to guide the City's use of grants and the management of grant resources. The policy is designed to ensure that City departments are accountable for proper grant documentation, administration, and reimbursement procedures.

Grants can be a valuable resource in challenging economic times, especially to fund capital expenditures. The City of Calexico is faced with an overall decline in revenues and grants provide services and activities that might not otherwise be available to our residents. Grants have become more competitive as funding sources are reduced, therefore seeking grants that help the city to achieve its goals and objectives must play a key role in the City's financial planning.

The City will seek grant funding for activities that are determined to be in the best interest of the residents and that further the functions of the City. The benefits of the grant must be established, prior to application, and the City will not pursue or will decline funding for those grants that do not meet the City's policy guidelines.

GOALS

The goals of the Grant Management Policy & Procedures are as follows:

1. The City will aggressively pursue grant funding from federal, state, and other sources that are consistent with accomplishing the City's goals and objectives.
2. The City will establish the framework for seeking and managing grant programs.
3. The City will identify the roles and responsibilities for managing grant programs.
4. The City will establish the criteria for performing a cost-benefit analysis of each grant program.
5. The Grant Management Policy & Procedures set forth the City's policy for ensuring compliance with the Single Audit Act requirements and the City's OMB A-87 Cost Plan (Office of Management & Budget).

GENERAL CONCEPTS AND FRAMEWORK

1. The City will pursue grant funding from federal, state, and other resources that are consistent with and promote the City's goals and objectives.
2. Grants that fund "pilot" programs or provide short-term staffing capabilities require a cost-benefit analysis, to determine if it is viable and financially feasible to continue at the sunset of the grant. These types of grants may deplete the City's resources or jeopardize the City's financial position, as citizens may desire to continue the program once the grant has concluded. Some grants require absorption of employees at termination of the grant. The cost per year of increased City participation on the grant for multiple year

grants requires the department project a budget for a grant for the entire period for which the grant is awarded.

3. The City should focus efforts on acquisition of grants for capital improvements. This allows the City to compete for projects we might not otherwise be able to afford. Capital grants promote financial independence should the grant sources diminish. Grants for operating purposes should be considered on a case-by-case basis, after careful consideration of the benefits of the program and ongoing impacts should the grant funding no longer be available. Any ancillary costs and City match should be clearly stated in the staff report.
4. The City will only seek grants for which sufficient resources are available to effectively administer the program, in accordance with state and federal guidelines and successfully perform the scope of work. Should the grant require a consultant as part of the grant, the City will seek sufficient grant resources to cover any additional costs under the grant.
5. All indirect costs related to grant administration will be recovered to the maximum allowable level as allowed within the grant guidelines and as per the City's OMB A-87 Cost Plan.
6. Operating departments retain the primary responsibility for seeking out grant opportunities, preparing effective grant applications, managing grant programs, and maintaining the monitoring of grant files in a professional manner.
7. The Finance Director or her designee will serve as the Grants Management Coordinator from the application through the closeout process. All grant documents, including state and federal guidelines detailing the sources and uses of funds, reporting, and all other aspects of the grant, shall be made available to the Finance Director to monitor financial and audit compliance.
8. Departments should develop a system to track grant funding availability in their functional areas. By tracking grant funding opportunities, all capital improvement plan budget requests will evaluate and document the ability of grants to assist in funding planned or potential projects.

ROLES AND RESPONSIBILITIES

City Council

1. Approved grant management policies.
2. Approves and accepts grant funds, approves and appropriates matching funds, and authorizes the City Manager/Assistant City Manager to execute all necessary documents.
3. Approves all grant applications in excess of \$5,000 and/or any grant application that requires a match of City funds.
4. Provides authorization for the receipt and execution of contract documents to the City Manager/Assistant City Manager or his/her designee.

City Manager

1. Receives grant documents and executes related contract documents at City Council's direction.
2. Approves grant applications under \$5,000 and delegates receipt and contract execution to the grant recipient department, if allowed by the grantor agency.

3. Approves budgeting for grants and approves cash match, as necessary.

Finance Director

1. Develops, recommends, and maintains grant management policies.
2. Provides technical assistance to departments in preparing grant applications, submitting reports, maintaining records, and complying with the Federal Single Audit and OMB A-87 Cost Plan requirements.
 - a. At the time a City department determines the feasibility of submitting an application for a grant and prepares the agenda item to submit to the City Council, the Grant Management Coordinator will review the application for fiscal impacts and to verify correctness in accordance with good accounting practices.
 - b. Once reviewed and sign off by the Finance Director, the application will be returned to the department to submit to the City Council for approval. Once approved by the City Council the department/division will forward the application to the governing oversight agency for the grant.
 - c. A copy of the grant guidelines, grant application and grant award will be submitted to the Finance Department for state and/or federal auditing purposes.
 - d. Each request for reimbursement of funds spent under the grant shall be submitted to the Finance Department for review prior to submission to the granting agency.
 - e. Any proposed change to the scope of the grant, additional funding availability, extension of time, or any other amendment to the original grant approval, must be submitted to the Finance Department and authorized by the City Council.
 - f. The Finance Department will coordinate preparation and distribution of the single audit reports.
3. After the grant award and Council approval is received, Finance enters all necessary budget adjustments into the financial system.
4. The department/division responsible for the grant and the Finance Department must ensure that grant revenues are deposited into the proper revenue accounts immediately upon receipt.
5. For reimbursement-based, multi-year grants, both revenues and expenditures are budgeted in the year during which the grant activity will be performed. Reimbursements for grant activities performed in one fiscal year and not actually received until the next fiscal year will be accrued.
6. The Finance Department will coordinate preparation and distribution of single audit reports.

Operating Departments

1. Develop systems for researching and maintaining ongoing information regarding grant availability within their functional areas of responsibility.
2. Evaluate benefits and costs of specific grant programs on a case-by-case basis:
 - a) Identify purpose of grant program and consistency with identified City goals and objectives.
 - b) Determine additional staffing, office space, facilities, supplies or equipment that will be required if the grant is awarded and the amount of cash match, if any.
 - c) Identify ongoing budget impacts of the grant program after it is completed.

- d) Detail responsibilities of other departments and impacts on other departments in preparing the grant application or performing scope of work, if grant is approved.
 - e) Identify indirect costs to be recovered from the grant.
 - f) Identify total program costs, including portions funded through grant revenues and any required City contribution or other match.
 - g) Identify the source of funding for any required City share (cash match). The budget appropriation of funds is established by submitting a Budget Amendment Resolution (BAR) to the City Council, as necessary.
 - h) Provide description of any in-kind match, if required or optional, and the source of funding, if not recipient department source.
 - i) Identify compliance and audit requirements of the grant, paying special attention to areas where grantor's administrative procedures are different than the City's.
3. Prepare grant applications.
- a) Work with the grantor agency in identifying special program requirements and developing strategies for preparing a successful grant application.
 - b) Complete grant application documents.
 - c) Coordinate with affected departments, as necessary.
 - d) For grants in excess of \$5,000, prepare a City Council agenda report requesting authorization to seek grant funding. This report should describe the grant program's conformance with this policy, including the results of the cost/benefit analysis.
 - e) For grants of \$5,000 or less, execute and return grant documents to grantor agency with prior approval of the City Manager.
4. Grant award and implementation.
- a. Notify affected departments of grant award.
 - b. Maintain financial and other records in accordance with grant requirements.
 - c. Complete and submit required reports timely, including request for funds.
 - d. Monitor grant expenditures to ensure expenses are recorded in the proper accounts; compare budget to actual; and prepare Transfer of Appropriation forms and submit to the Finance Department, as necessary.
 - e. When goods or services must be procured in order to accomplish the goals of the grant program, City procurement policies and procedures will be followed.
 - f. Coordinate on-site management reviews by the grantor agency during the term of the grant.
 - g. Ensure compliance with grant requirements, paying special attention to those areas where the grantor's administrative procedures are different than the City's.
 - h. Perform the grant scope of work.
5. Complete grant closeout.
- a) Complete the grant scope of work.
 - b) Notify affected departments that the project is completed and schedule a "close-out" meeting, if necessary, to resolve any final procedural issues.
 - c) Ensure final receipt of the grant revenues.
 - d) Matching funds must be obligated by the end of the grant period and must be budgeted.

- e) The grant recipient (department/division) must promptly refund any balances of unobligated cash that the grantor has advanced and for which the City is not authorized to be retain for use in other projects.
- f) Prepare and submit any required grant close-out documents.
- g) Review grant file for completeness.
- h) Retain all necessary program and financial records for the period of time required by the granting agency.
- i) Resolve any audit findings.
- j) Ensure that the City's policy regarding single audit act requirements is implemented as discussed below.

6. Retention and maintenance of records.

In accordance with the requirements set forth in the Federal Office of Management & Budget (OMB) administrative requirements circulars, all financial records, supporting documents, statistical records and all records pertinent to the award of a grant, shall be retained by the department/division for at least three (3) years from the date of submission of the final expenditure report. Retention is required for purposes of state/federal examination and audit.

SINGLE AUDIT ACT REQUIREMENTS

Background

The City is subject to financial and compliance requirements of the Single Audit Act of 1984, which is applicable to all local and state governments expending more than \$300,000 in federal financial assistance during a fiscal year. The purpose of the Act is to:

- 1) Improve financial management and accountability of state and local governments with respect to federal financial assistance programs.
- 2) Establish uniform requirements for audits of federal grants.
- 3) Promote efficient and effective use of audit resources.
- 4) Assure that federal departments and agencies rely upon and use audit work performed during a single audit rather than performing the audit work themselves.

Under this Act, federal grants are included under an inclusive single audit program that is incorporated into the City's annual audit and financial report preparation process. During the audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations.

City's Policy Regarding the Single Audit Approach

For federal grants included in the scope of the City's single audit approach, it is the City's policy that all financial and compliance issues have been met through the single audit, and follow-up audits, to determine that these issues are not necessary unless specifically related to findings or recommendations included in the single audit report.

As noted above, the purpose of the Act is to establish uniform audit requirements, promote efficient use of audit resources, and assure that federal agencies rely upon audit work already completed; its purpose is not to audit local agencies twice. Accordingly, the City will strongly resist any efforts by federal agencies to duplicate audit work already performed in complying

with Act's requirements. As such, whenever federal grantor agencies request final audits, the managing department should notify the Finance Department in order to ensure a consistent response to these types of requests.

ATTACHMENT

Grant Information Form

The Grant Information Form, Exhibit "B", does not replace the Staff Report as required in the Grant Management Policy & Procedures. Departments/Divisions must address all aspects of this policy pertinent to the grant application.



CITY OF CALEXICO

GRANT INFORMATION FORM

General Information

Grant Title

General Description of Grant Scope

U. S. Grant Agency

Federal CFDA #

State Agency

Pass-Through Agency

Funding Period

Grant No.

Pass-Through No.

Agency Contact

Contact Phone No.

Grant Amount

City Match Amount

Other Match Amount

In-Kind Contribution

Responsible Department

Department Contact

Phone No.

City Council Approval Date

Application Date

Award Date

Completion Date

GRANT BUDGET

Cost Summary

Total Costs (All Inclusive)

Grant Portion

Staffing

Contract Services

Supplies & Other Operating Expenses

Capital Outlays

Indirect Costs

Total Grant Costs

\$

\$

Budget Amendment Required

Yes ()

No ()

OTHER COMMENTS:

Prepared By:

Date

Finance Review:

Date